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**Short-Run Outlook for the Laotian
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Short-Run Outlook for the Laotian Coalition Government

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SHORT-RUN OUTLOOK FOR THE LAOTIAN COALITION GOVERNMENT

THE PROBLEM

To estimate the prospects for the Souvanna Phouma coalition government in Laos over the next six months or so.

CONCLUSIONS

A. The Souvanna Phouma coalition government has made virtually no progress in establishing effective control throughout Laos, let alone in implementing its policies. Armed forces of the three factions remain in control of and administer the areas they held prior to the formation of the government. (*Para. 1*)

B. The coalition regime will almost certainly not be able to establish any significant political authority throughout the country during the period of this estimate. Moreover, the "principle of unanimity" requiring concurrence of the three factions on all government decisions will prevent or postpone resolution of most key issues. Nevertheless, Souvanna, as the instrument of both East and West for a decrease in tensions in Laos, is not without leverage and assets. (*Paras. 2, 8, 15, 25*)

C. The coalition government will be forced to seek foreign aid not only for economic development, but for the relief of immediate, acute financial problems. It will accept this aid from all countries, though Souvanna will probably look especially to the US for budgetary and foreign exchange support. (*Para. 17*)

D. The Communists will seek to expand their influence and power in Laos with the ultimate aim of achieving effective control over all of the country. To this end, they will

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nominally support the Souvanna-led government, proceeding toward their goal mainly through political and subversive means. (Para. 13)

E. Phoumi will probably continue to cooperate with Souvanna, however reluctantly, in the conduct of government. He will play an important role in the coalition, having a veto power over those actions of the government which are distasteful to him. (Paras. 9-10)

F. The Communists will almost certainly seek to retain as many North Vietnamese forces and military advisers in Laos as they can do with safety. Souvanna will almost certainly be unable to prevent Communist use of southern Laos as a corridor for assisting the Viet Cong effort in South Vietnam. (Paras. 5, 18, 21)

G. In the absence of an acceptable compromise candidate as a successor, Souvanna's disappearance would probably result in an increase in the strength and influence of the Pathet Lao/Neo Lao Hak Xat (PL/NLHX). (Para. 24)

H. The Souvanna coalition will probably still be in existence six months from now. The longer the coalition is able to stay in existence, the greater its chances for continuance as the new *status quo*. Nevertheless, Communist influence will continue to grow, especially in those areas where the PL has military control, unless vigorous efforts are made to unify and strengthen the non-Communist elements in Laos. (Paras. 15, 25)

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DISCUSSION

1. The Souvanna Phouma coalition government in Vientiane has made virtually no progress in establishing effective control throughout the country, let alone in implementing its policies. Although the three Princes agreed to unify their armed forces at their meeting in Zurich on 22 June 1961, their forces still remain in control of and administer the areas they held prior to the formation of the government.* Despite the government's decision that "in principle" there would be freedom of movement throughout the country, the Pathet Lao (PL) continues to deny access to areas under its control. The International Commission for Supervision and Control in Laos (ICC) has stationed inspection teams at the withdrawal checkpoints, but has been given an opportunity to observe the withdrawal of only 15 North Vietnamese personnel. In spite of a formal commitment to work out a cease-fire, clashes continue between PL and FAR (anti-Communist) forces, and the North Vietnamese and PL continue to attack tribal Meo guerrillas. Although some North Vietnamese troops and technicians appear to have been covertly withdrawn, we believe substantial numbers still remain in Laos. Moreover, the US Government probably will not be able to ascertain by 7 October 1962, the withdrawal deadline, how many have left the country.

2. Meanwhile, the three factions in the coalition government remain widely divided and Premier Souvanna Phouma avoids show-downs on touchy questions. Souvanna's establishment of effective government is further inhibited by the agreement to the "principle of unanimity," reached by the three Princes prior to the formation of the coalition. Under this "troika" provision, all decisions must have the concurrence of the three

major factions. Although the actual application of this principle has not yet been completely worked out, this rule will almost certainly prevent or postpone resolution of most key issues.

3. In effect, Laos is at present virtually partitioned: in the segments it controls, the PL/Neo Lao Hak Xat (NLHX) is consolidating its authority unmolested while attempting elsewhere to disrupt stabilization of the new situation and sow discord among the non-Communists. Immediate prospects in Laos depend principally upon Communist intentions, and upon Souvanna Phouma's ability to develop a neutral and effective government.

Communist Intentions

4. The fact that the Communist Bloc negotiated a settlement rather than attempting a military solution in Laos appears to indicate its desire to avoid the risk of large-scale US-Communist hostilities in southeast Asia, and to win Laos by political-military nibbling. Although the Communists are confronted with some obvious problems and difficulties, a number of factors justify an optimistic Communist outlook: the country is divided and lacks a sense of nationhood, the Communists control and are indoctrinating many areas, the anti-Communist armed forces are weak and will be further weakened by the withdrawal of the US military presence, the coalition government is feeble, and the economy of the country is in serious straits.

5. Soviet—and Bloc—policy in Laos is probably to appear to respect the Geneva Accords, to profess support of Souvanna, and to provide showy economic aid to his government; to avoid the development of such sudden, abrupt challenges to the Laos "solution" as

* See map at Annex.

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might lead to the establishing of a major US military presence in or near Laos; to hold and consolidate those areas, including the corridor to South Vietnam, now controlled by the PL; to expand such control into other areas wherever possible; and to bring about an increasingly Communist cast to the coalition government's domestic complexion and international orientation. The Communists will seek to retain both PL and North Vietnamese military forces in Laos for some time. The PL/NLHX will continue to depend chiefly upon Hanoi for support and guidance, though an increased Soviet and Chinese Communist presence in Laos will probably occur, and, with it, more Soviet and Chinese contacts and influence with the PL/NLHX. Sino-Soviet differences evidently have not had a significant effect upon the coordination of Bloc policy regarding Laos.

Factors Affecting Souvanna Phouma's Ability to Develop a Neutral and Effective Government

6. *The Neutralists.* The success or failure of the coalition government will, in large measure, depend on Souvanna's ability to establish a stable and genuine neutralist center and induce the other two factions to cooperate with that center sufficiently to permit the government to function. This is an enormously difficult task which will require a skillful balancing of conflicting interests. Even the neutralists do not agree on the same definition of "neutralism" for Laos. Some, like Foreign Minister Quinim Pholsena, have a long history of anti-West sentiment and activity which has led to clearly pro-Communist views and affiliations; others who initially believed in a policy of neutrality for Laos have found their views compromised in varying degree by their association with the PL and by Bloc blandishments; and the attitudes of still others remain basically hostile to communism.

7. The neutralist military forces are beset by differences and there is friction and dissension within their ranks. Souvanna's present relations with Kong Le are not clear but Kong Le appears to have drifted closer to the PL. Neutralist General Khammouane Boupha appears still loyal to Souvanna but his troops are confined primarily to Phong Saly Province and his ability to provide effective military support to Souvanna is, therefore, limited.

8. Despite this lack of neutralist cohesion and strength, Souvanna is not without assets. He is the instrument of both East and West for a decrease of tensions in Laos. Both the anti-Communists and the NLHX recognize that he is a key element in the situation, and Souvanna is in a position to pressure them by threatening to resign. He has some freedom of maneuver in manipulating NLHX and Bloc support to his own ends. There is considerable public support in Laos for neutrality, however vaguely comprehended, which provides Souvanna with a large, latent, and unorganized reservoir of potential backing. He enjoys the support of the US Government and of remaining French personnel and French interests in Laos. He has already demonstrated that he can at times work with Phoumi and the anti-Communists in offsetting pro-Communist pressures. PL/NLHX organization and influence is probably still minimal in many outlying areas, including certain places where they claim military control. Neutralist or anti-Communist elements thus have a chance to counter Communist influence in many areas of the country. Moreover, Souvanna appears determined to prevent a Communist takeover.

9. *The Phoumi Faction.* The anti-Communist faction of General Phoumi Nosavan joined the coalition government with great reluctance. Only the insistent pressure of the US brought Phoumi to the negotiating table. He is almost certainly not in sympathy with the policies of Souvanna, and his per-

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sonal prospects in the new order of things must appear limited to him. Phoumi's sincerity remains questionable and his intentions ambiguous. His popular support is limited and restricted to those areas under the control of his military forces. He does, however, hold many cards. He has a veto power over those actions of the government which are distasteful to him. He is the unquestioned leader of the anti-Communist faction. He and his forces continue to occupy important strategic areas in Laos—the Mekong lowlands—and will attempt to consolidate control there in the face of PL/NLHX pressures. For the moment at least, he dominates the 64,000-man FAR, through the personal loyalty of the army leaders, and he has not despaired of some continuing US support.

10. He will, therefore, play an important role in the coalition government. He will probably continue to cooperate with Souvanna, however reluctantly, in the conduct of government. He will insist on reciprocity by the PL/NLHX in any concessions he may be willing to make, and is not likely to give up control of areas now held by his forces without equivalent territorial concessions from the Communist side. Like Souvanna, he may occasionally seek to exert pressure by threatening to withdraw from the coalition. He will almost certainly continue to maintain close, covert contacts with the Thais, and Marshal Sarit's counsel will carry considerable weight with him. Phoumi will also continue to turn to the US for guidance and support, but will not necessarily follow US advice and on occasion will ignore it. He might even consider a coup, but his control of the FAR and his overall influence in Laos will almost certainly decline as American support is channeled to the coalition government rather than to him directly.

11. *The NLHX.* The Communist presence in Laos is far greater than it was in 1957 when the NLHX participated in an earlier coalition government, also headed by Souvanna Phouma. Since that time the Communist side has defeated the anti-Communist FAR, greatly expanded those areas in Laos under Communist domination, effected an international settlement which by no means precludes further Communist penetration in Laos, more than doubled NLHX 1957 representation and influence in the government, and opened the way for direct Soviet and Chinese Communist influence in an area formerly delegated to North Vietnamese activity. The leadership of the PL/NLHX appears to rest with certain "old guard" Lao Communist Party leaders, mostly civilians, who have worked together for many years, and NLHX participation in the government means direct Communist influence. The top-ranking Communists in Laos, and real leaders of the PL/NLHX, appear to be Nouthak Phoumsavan, Kaysone Phomvihan, and Phoumi Vongvichit, Minister of Information in the coalition government. The exact status of Prince Souphanouvong, titular head of the NLHX, is not clear, but he appears to be more than a figurehead. In any case, his national reputation, leadership ability, skill in administration and negotiations, and family relationship with Souvanna Phouma are valuable assets to the Lao Communist movement.

12. The NLHX is currently by far the strongest political organization in Laos. It has province, county, district, and village organizations in many of the areas dominated by the PL; and it maintains a clandestine hierarchy of "politico-administrative committees" in some areas occupied by neutralist or anti-Communist forces. It also has a newspaper, radio broadcasting facilities, and is able, as demonstrated during the supplementary elections in 1958, to turn out the vote. However, there is some doubt as to how complete NLHX control is in many PL areas and the

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extent of its influence in neutralist territory. Harsh PL occupation measures have apparently alienated many villages, and North Vietnamese intervention has associated the PL/NLHX with the much disliked Vietnamese.

Prospects

13. *Communist Policy.* The objective of the Communists will continue to be to expand their influence and power in Laos with the ultimate aim of achieving effective control over all the country. To this end, they will nominally support the Souvanna-led government as the best alternative to a potentially explosive renewal of hostilities. They will probably proceed mainly through political and subversive means since sharply increased Communist military pressures might cause Souvanna to oppose actively the PL/NLHX.

14. It is likely that the Communists will be able to maintain this strategy for some time. Ramifications of the Sino-Soviet dispute, however, could have a significant effect on the conduct of an agreed Communist policy in Laos. Because of the key role of North Vietnam in the area, both the Chinese and the Soviets are concerned to exert their influence over Hanoi. A deterioration of Sino-Soviet relations probably would intensify this competition, and Moscow might find it expedient to give North Vietnamese views greater weight, even if this meant adopting a policy of greater risks. At present, however, the Soviets out of consideration for their broader East-West interests and their stake in a "Laos solution," will probably resist any Chinese or North Vietnamese pressures for a more militant line in Laos and continue to urge a cautious and flexible tactical approach. On the other hand, Moscow will be reluctant to apply unilateral restraints on the PL and North Vietnam in Laos, unless it was convinced the risks of substantial US military involvement were high.

15. *The Souvanna coalition* will probably live out the period of this estimate. Souvanna may make some headway in asserting his influence within the cabinet and, possibly, in extending his government's activities into some PL areas in fields such as health, public works, and transportation. The government will almost certainly not be able, during the period of this estimate, to establish any significant political authority in those areas of Laos now under the control of the PL. Consequently, a loose, informal partition of Laos will probably persist, unacknowledged by any of the principals, but probably not unacceptable to all for the near future.

16. *Political Orientation.* Souvanna will attempt to follow a policy of genuine neutrality in foreign affairs during the period of this estimate, but because of Communist pressures within and upon Laos he may find this increasingly difficult. The government will establish formal diplomatic relations with most Communist states and other countries which wish to have relations with the coalition government.

17. *The Economy.* Souvanna must resolve the serious financial situation confronting the government before any approach to the formidable economic problems of the country is possible. Even in the unlikely event that substantial demobilization of military forces permits a reduction of military expenditures and the coalition government displays a high, and most un-Lao, degree of financial responsibility, it will continue to need substantial foreign aid to stabilize the economy and to avoid headlong inflation. The fact that Phoumi is Finance Minister while NLHX Prince Souphanouvong is Minister of Economy and Plans does not suggest prompt and decisive action in financial and economic matters. The coalition government will be forced to seek foreign aid not only for economic development, but for the relief of immediate, acute financial problems. It will accept this

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aid from all countries, though Souvanna will probably look especially to the US for budgetary and foreign exchange support.

18. *Withdrawal of Foreign Communist Armed Forces.* Although a few more technical and noncombat personnel may check out through the ICC, it is highly unlikely that all North Vietnamese forces in Laos will be removed. The PL/NLHX almost certainly will obstruct and obfuscate both the issue itself and ICC verification of the presence of North Vietnamese forces. As many North Vietnamese forces and military advisers as the Communists believe they can safely retain in Laos will almost certainly remain illegally to train and otherwise assist the PL, to establish arms caches, and to support the infiltration of personnel and military equipment into southern Laos and South Vietnam. Many North Vietnamese combat units will probably be moved surreptitiously to North Vietnam or areas of Laos bordering North Vietnam where they could be quickly reintroduced into key areas of Laos. The North Vietnamese will continue to support the Communist forces in Laos.

19. *Withdrawal of Western Military Forces.* The Geneva Accords provide that the Laotian Government may request a French Military Mission (FMM) to train the armed forces of Laos. Unless arrangements with the French are worked out by 7 October 1962, the date by which the US MAAG is to be withdrawn, there will be a hiatus in the Western military presence in Laos. Whether or not the FMM is established, the removal of US forces from Laos will substantially decrease Western military influence on the Laotian Armed Forces.

20. *Demobilization and Integration.* It is unlikely that any substantial progress toward the demobilization and integration of the various Lao armed forces will be achieved in the next six months. A token integration of some forces of each faction may take place, but PL leaders and Phoumi will almost certainly obstruct the solution of this issue, each

side insisting on terms which would provide it with a relatively favorable position in an integrated military force. Throughout the period under review, both the PL and Phoumi will probably disperse veterans in their military forces throughout the country to engage in political action.

21. *Use of the Corridor.* Souvanna will almost certainly be unable to prevent Communist use of southern Laos as a corridor for assisting the Viet Cong effort in South Vietnam. It is unlikely that the ICC will be able to carry out effective inspection in this area. Although Communist activity in the corridor would be made somewhat more difficult by the occasional visits of ICC teams, we do not believe the Communist capability to support Viet Cong operations in South Vietnam is likely to be seriously impaired.

22. *Tribal Minorities.* Despite Souvanna's assurances that minorities would receive better treatment in the future, it is unlikely that this will come to pass. The principal sufferers will be the Meos and the Khas who have successfully maintained armed bases within PL territory. The PL will continue to attack the Meos in particular, refusing to recognize them as part of the FAR, although they might agree to their disarmament and resettlement. Souvanna will probably seek to effect this latter solution, but its prospects are dim.

23. *General Elections.* The three factions have pledged themselves to eventual nationwide general elections to a National Assembly, but we do not believe there will be national elections within the period of this estimate.

24. *Souvanna's Departure.* In the event Souvanna disappeared from power, because of death, disability, or voluntary withdrawal, the coalition would probably collapse and hostilities might again break out. In such a case, the danger of the Communists taking over all of Laos would be great. East-West interest

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in preventing Laos from becoming an arena of international conflict might suffice to permit a compromise candidate to continue as Premier but no one on the Laos scene at this time, including the King, appears readily acceptable to all interested parties as a successor. Thus, Souvanna's disappearance from power would probably result in an increase in the strength and influence of the PL/NLHX.

25. In sum, during the period of this estimate, we see virtually no chance of the emergence in Laos of an effectively functioning coalition government exercising power throughout the country. At the same time, there is no sufficient reason to estimate that so long as Souvanna remains, the present coalition will collapse, or that Laos will be-

come a Communist state in the near future. The Souvanna government will probably still be in existence six months from now. This estimate is based on the fact that all the principals, local and international, seem at the moment reasonably satisfied with the present arrangement. Moreover, Souvanna has demonstrated a remarkable ability to survive politically. The longer his coalition is able to stay in existence, the greater its chance for continuance as the new *status quo*. Nevertheless, Communist influence will grow, especially in those areas where the PL has military control, unless vigorous efforts are made to unify and strengthen the non-Communist elements in Laos.

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ANNEX

THE LAOS SETTLEMENT

1. A new phase in the struggle over Laos opened when the coalition government of Prince Souvanna Phouma was sworn in on 23 June 1962 after 13 months of intermittent negotiations, in Switzerland and Laos, among the three contending factions. The formal agreement on the coalition cabinet was signed on 12 June. The negotiations, which had been interrupted by Souvanna's departure for France in late March, were renewed after his hasty return to Laos in May when the northern town of Nam Tha fell to Communist forces. Prior to his departure, the negotiations had been deadlocked over the distribution of key portfolios in the coalition cabinet. After consulting with the King on 4 June, Souvanna reopened talks at the Plaine des Jarres with Prince Boun Oum representing the Royal Laotian Government (RLG) and Prince Souphanouvong, the Pathet Lao (PL). On 11 June, compromises finally brought about agreement on the 19 individuals to fill the cabinet posts.

2. Seven of the posts are held by Souvanna's Xieng Khouang neutralist group, and four each by the Vientiane neutralists, General Phoumi's rightwing faction, and Prince Souphanouvong's leftwing faction represented by the Neo Lao Hak Xat (NLHX), the political arm of the PL. In addition to his designation as Prime Minister, Souvanna holds the portfolios of Minister of Defense, Minister of Veterans Affairs, and Minister of Civic Action. General Phoumi and Prince Souphanouvong are both designated Deputy Prime Ministers

and fill the posts of Minister of Finance and Minister of Economy and Plans respectively.

3. The international aspects of the Laotian settlement were concluded in Geneva on 23 July 1962 with the promulgation of the Geneva Agreements on Laos. These agreements consist of two documents: a "Declaration on the Neutrality of Laos" which is made up of a "Statement of Neutrality by the Royal Laotian Government," and a responsive declaration by the 13 other nations participating in the conference, and a "Protocol to the Declaration on the Neutrality of Laos." The "Statement of Neutrality" by Laos and the responsive "Declaration on the Neutrality of Laos" together are regarded as constituting an international agreement.

4. The Declaration provides for the signatories to respect the sovereignty, independence, neutrality, unity, and territorial integrity of Laos. It contains 10 "undertakings," including respect for the wish of Laos not to recognize the protection of any military alliance or coalition, including SEATO; an undertaking not to introduce or connive in the introduction of foreign troops or military personnel into Laos; and an undertaking to the effect that Laos will not be used as a corridor for infiltration into South Vietnam. The Declaration does not contain a commitment by Laos to demobilize and integrate its armed forces or to refrain from taking reprisals against Laotians, including the Meos, for their activities prior to the agreements. However, Souvanna, in his address to the final plenary

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session of the Geneva Conference, pledged his government to a policy of military integration and "elimination of enmities of the recent past."

5. The Protocol consists of 20 articles and is primarily concerned (Articles 9-18) with the terms of reference for and functioning of the International Control Commission for Laos (ICC). However, it does contain other significant articles: Article 2 obliges all parties to withdraw all foreign military personnel, both regular and irregular, from Laos and Article 4 prohibits the introduction of such personnel. As an exception to this rule, Article 5 provides for an arrangement to be made between France and Laos for the presence in Laos of French military instructors, if the RLG considers it necessary. Article 8 provides that the cochairmen of the Geneva Conference "exercise supervision over the observance of this Protocol and the Declaration," placing responsibility on the Soviet cochairman to see that the Communist signatories abide by their commitments. In spelling out the functions of the ICC, a number of the

concerned articles—specifically, Articles 9, 11, 15, and 16—contain the qualifying phrase "with the concurrence of the Government of Laos." This concurrence is considered to have been given upon signature of the Geneva Agreements by the coalition government.

6. The principal policies of the coalition government had been previously outlined in the Zurich communique issued by the three Princes on 22 June 1961. These policies have been reaffirmed subsequently by the leaders of the three factions and the coalition government itself. They are: (a) to establish and enforce a cease-fire; (b) to enforce democratic liberties benefiting the people and, specifically, to restore the 1957 electoral law; (c) to preserve and secure respect for the independence, neutrality, unity, and sovereignty of Laos; (d) to assure justice and tranquility with a view to national reconciliation without discrimination for ethnic or political reasons; (e) to unify the armed forces of the three factions into a national army; and (f) to develop the economy and raise the standard of living.

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